



19 September 2013

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Accelerated Review 214—Response to exporter visit report

I am writing on behalf of Capral Ltd in response to the Guangdong Jinxiecheng visit report for Accelerated Review 214, which was placed on the public record yesterday afternoon. This submission highlights issues that we believe require further clarification in the final report to provide an acceptable level of transparency of this investigation and its outcomes.

Company information (Section 3)

In its submission of 12 August 2013 Capral posed a number of questions that should be put to Guangdong Jinxiecheng regarding company ownership and any relationship with other companies, particularly Foshan Nanhai Newtime Trading Co Ltd. While the sales to Australia were considered to be not at arms length for other reasons, there is no indication in the report that possible commercial or familial relationships with Foshan Nanhai or other parties were explored.

Sales to Australia (Section 5)

The report recommends that export price be calculated under s.269TAB(3) having regard to all relevant information, however there is no discussion of the information relied upon or the basis of the calculated export price. We submit that this is a serious lack of transparency in relation to one of the fundamental elements of the dumping determination. As a result industry has no understanding of the basis of the export price in this case. For example, the export price could be the same as what would have been determined under s.269TAB(1)(a), regardless of the non-arms length finding.

Cost to make and sell (Section 6)

Aluminium purchases—the inclusion of premiums in the cost of aluminium is a critical issue and the focus of Capral’s submission of 12 August 2013. In that submission Capral requested the Commission to seek details of price negotiations and the components of the purchase price of aluminium in order for the industry to better understand the Chinese aluminium market, however the report contains limited details in this regard.

Scrap—accounting for scrap was another critical issue during the original investigation. There is no evidence in the report that the team calculated the primary aluminium recovery rate and compared that to industry standards to ensure the cost of scrap is not understated.

Auxiliary materials—it appears generic die costs have been included in the cost to make because the extrusions exported to Australia to date used an existing die. However, should Guangdong Jinxicheng wish to expand its exports in the future it is likely that custom-made dies will be required, which can add considerable cost. The cost to make should therefore at least include a reasonable allocation of the cost for Guangdong Jinxicheng to establish a library of custom-made dies.

Finance expenses—the report notes that Guangdong Jinxicheng included interest gained as a negative finance expense in one month, however there is no discussion of whether the interest earned was reasonably associated with the production and sale of the goods, whether the finance expenses were netted and if so whether the result was negative overall.

Domestic sales (Section 7)

The report notes that daily aluminium pricing information is used as the basis for setting domestic selling prices, however it is not stated what daily aluminium pricing information is used, ie published pricing from the LME, SHFE or some other source.

Dumping margins (Section 11)

We are very concerned to see that the preliminary dumping margin has been redacted. We submit that this constitutes a serious lack of transparency and is inconsistent with established practice.

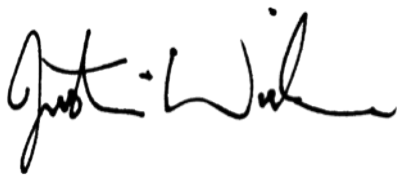
The Commission explicitly stated at the outset of this review that it would not reassess the market situation finding in relation to the aluminium extrusions market in China, and on this basis Capral did not make any submission in relation to this issue. However, we note the statement in this report that the normal values and preliminary dumping margin are subject to further assessment and findings on whether the Government of China has materially distorted competitive conditions on the domestic market resulting in the unsuitability of domestic sales for normal value. This appears inconsistent with the earlier advice.

We submit that the Commission should be clear on the methodology that will be used to determine the suitability of sales and costs for the purposes of calculating normal value, and the approach to be taken in the event that any sales or costs are deemed unsuitable. Capral expects an opportunity to make a detailed submission on these issues whenever they are considered in relation to aluminium extrusions.

Countervailing (Section 12)

There is very limited detail in the report on the efforts taken to identify subsidies. In its submission of 12 August 2013 Capral highlighted potential grants from Guangdong Jinxiecheng's own website, however there is no indication that the company was questioned in relation to them. Also, it is clear that subsidies could be made direct to Guangdong Jinxiecheng's parent company, however there is no indication that the accounts of the parent company were examined.

We note Guangdong Jinxiecheng's claim that none of its aluminium suppliers were SOEs, however we also note that no information was sought from the Government of China to identify SOEs in this case. We therefore submit that records from the original investigation and the more recent aluminium road wheels investigation should be used to verify Guangdong Jinxiecheng's claim.

A handwritten signature in black ink, appearing to read "Justin Wickes". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

Justin Wickes
Director